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January 12, 2007

Mike Marshall  
Secretary of the Senate  
Capitol  
Des Moines IA 50319

Margaret Thomson  
Chief Clerk of the House  
Capitol  
Des Moines IA 50319

Dear Mr. Marshall and Ms. Thomson:

Pursuant to Iowa Code 266.39E, enclosed is the annual report on the Beginning Farmer Center at Iowa State University.

If there are any questions concerning this report, please don't hesitate to contact this office.

Sincerely,

Gary W. Steinke

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Enclosure

cc: Caucus Staffs  
Dennis Prouty, LSA  
Dave Fardal, DOM  
Legislative Liaisons  
Legislative Log

## Beginning Farmer Center

*Resources to help our next generation of farmers*

### Objectives

The Beginning Farmer Center (BFC) was established at Iowa State University (ISU) by the 1994 Iowa General Assembly. Objectives of the Center include:

- coordinating educational programs and services for beginning farmers,
- assessing needs of beginning and retiring farmers to identify opportunities for programs and services, and
- developing statewide programs to educate beginning and retiring farm families.

### Organization

The Center is a joint effort of the ISU College of Agriculture Experiment Station and ISU Extension which delivers the Center's programs and activities.

The ISU Department of Economics provides a director for the Center, and the Center's administrator is the attorney for the Iowa Concern Hotline. A full-time farm transition specialist and 13 associates throughout the state provide services on an as-needed basis.

### Major Activities

**Personnel changes:** The Center hired a new Farm Transition specialist during 2006. This person is a replacement and is the only full time employee with the Center.

**FarmOn:** The Center provides basic funding and outreach for the FarmOn program, which is designed to facilitate the introduction of retiring farmers to young people who want to get started in agriculture. To provide opportunities for potential participants, BFC hosts one-day workshops about issues related to farm transitions throughout Iowa.

The Center undertook an evaluation and updating of the FarmOn participants. We surveyed the participants to determine their current status and whether or not they wanted to continue with the program. We currently have 148 active beginning farmer files and 15 retiring farmer files. During 2006 there were 180 calls from beginning farmers, 56 from retiring farmers, and 162 calls of a general nature. In 2006 there were 3 matches facilitated.

The Center works closely with ISU Extension county and field staff to identify the needs of beginning and exiting farmers. The Center develops appropriate educational material and provides instructors for a series of seminars.

**Ag Link:** Ag Link is a two-day seminar for college juniors and seniors who plan to join their family farm operation after graduation. Family members and others in the operation also attend the seminar. Topics include conflict resolution, goal setting, determining values, business analysis, farm planning, and management.

The 2006 seminars were attended by 22 people including six families and their students. Four students have registered for two hours of independent study credit. The seminars also were attended by faculty from Texas Tech and Texas A&M who are interested in replicating the Ag Link seminar program in their state.

This year, in addition to the yearly evaluation, the Center started a major evaluation of the Ag Link program. This evaluation is being conducted by the Department of Agriculture Education and Studies at Iowa State.

**Individual farm analysis:** The Center provides individual analysis of existing farm situations. During the second half of 2006 there were 15 farm visits reaching nearly 38 individuals.

**Beginning Farmer Network:** The Center Director is the faculty advisor for an ISU student organization, the Beginning Farmer Network. Students in this organization are interested in entering farming.

**Conferences:** The Center's staff spoke at numerous conferences nationally and internationally. Presentations were made to commodity groups, attorneys, farmers, government officials and others interested in beginning and retiring farmer issues.

The Center helped cosponsor several conferences. These included directing the BFN conference and hosting the 2006 National Farm Transition Network annual conference.

**BFC on the World Wide Web:** The Center maintained and upgraded its web site in 2006. From this site, potential clients have access to selected publications and application forms for the FarmOn program. The Center also maintains a site for the National Farm Transition Network.

**Research activities:** In 2006 the Center updated its study of farm succession planning in Iowa. This study is part of an international effort led by the Center and the University of Plymouth, England to gain better understanding of the farm succession planning under a variety of cultural and legal systems. The updating involved a survey of over 1000 Iowa farmers. The survey was conducted by the USDA.

During 2006 the Center continued its ongoing work on factors affecting beginning farmers. This includes a joint project with the University of Tennessee examining the impact of alternative farm definitions and a project with the Center for Rural Affairs evaluating the impact of U.S. farm legislation on beginning farmers.

In 2006 the Center continued implementing a three-phase research project that was a joint effort with ISU Extension and the Leopold Center for Sustainable Agriculture. The first phase of the project examined the familiarity of ISU Extension field staff with existing beginning farmer programs. The second phase assessed the extent and nature of programs offered by other groups and entities. The third phase, which is still underway, is working to develop alternative educational materials for beginning farmers.

The Center continued work with campus units to evaluate alternative enterprises for beginning farmers. This includes work on how these enterprises would fit into a whole farm plan.

**Regional and national activities:** The Center's staff made presentations on the BFC at midwestern, national and international events. These talks included moderating the Canadian Farm Business Council Association meeting and addressing the U.S. Association of Farm Business Consultants. The Administrator also coordinates the National Farm Transition Network, a network of various state, university, and private organizations that helps beginning farmers. This network allows groups to share ideas and materials, and avoid duplication of efforts.

The Center has become a source of information for many different groups around the country. Center materials were provided to the U.S. Department of Agriculture for the Farm Futures Report. Materials also have been given to many different states through the National Farm Transition Network.

The Center, in conjunction with the University of Nebraska, University of Wisconsin and the Wisconsin Department of Agriculture, received a federal grant to help southern and midwestern states implement Ag Link type programs in nine states.

## Leveraging the Advantages

The FarmOn program and the Beginning Farmer Center are among the first in the nation to address the critical issue of future caretakers of farmland and successful ways to transfer operations to succeeding generations.

The BFC works closely with the Drake University Agricultural Law Center by providing speakers and materials. The Center also employs law students part-time as back-up for the Center's administrator and these activities serve as credit internships for the students. The Center works in conjunction with ISU Extension field staff to offer materials, speakers, and financial support for programs to help beginning and exiting farmers. The BFC also provides speakers and materials for the Iowa Bar Association and works closely on program efforts within several ISU academic departments.

## Future Activities

The rapid increases in land values and rents associated with the recent boom in ethanol have made access to the land resource especially difficult for beginning farmers. This situation in agriculture makes long-term planning especially critical. The Center continues to encourage farmers to realistically assess their viable options and alternatives. Value-added agriculture and local food systems are two of the potential revenue sources that need to be pursued by beginning farmers.

The Center has also greatly expanded its efforts to attract retiring farmers to consider the FarmOn program. These efforts will continue into 2007.

The Iowa Legislature passed a tax credit for retiring farmers who rent to beginning farmers. This was a program the Center recommended to the Legislature since 1994. During the coming year the Center will work to ensure participation in this program.

The Center will complete its assessment of the farm succession survey. This will include articles and popular press pieces that will encourage farmers to consider the next generation and what will happen to their farm.

The Center will continue funding and support for the FarmOn and Ag Link programs. It also will continue to support the individual farm financial analysis for beginning farmers through ISU Extension's Farm Financial Planning Program.

The Center will continue looking at how to understand and increase the motivation for farmers to pass on an operation to another person as a unit rather than in pieces. Research also is needed to develop and analyze alternative business strategies for both beginning and retiring farmers.

## Recommendations

The Center recommends that all legislators, not just those at the federal level, consider the impact of legislation on beginning farmers and those contemplating retirement. The Center recommends a tax credit similar to that available to exiting farmers who lease farm business assets to a beginning farmer be extended to beginning farmers.

For more information, contact Michael D. Duffy, director, ISU Department of Economics, (515) 294-6160; or John Baker, BFC administrator or Dave Baker, Farm Transition Specialist, at (toll-free) 1-877-BFC-1999. The Beginning Farmer Center web site can be found at: <http://www.extension.iastate.edu/bfc/>

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